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C O N F I D E N T I A L SECTION 01 OF 03 KARACHI 000040

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SUBJECT: KARACHI: MQM AND PPP SPAR OVER LAW AND ORDER, LOCAL GOVERNANCE

Classified by: Consul General Stephen G. Fakan, Reasons 1.4 (b) and (d)

11. (C) SUMMARY: The debate over the future of local governance in Sindh Province continues without resolution, while the current local government's tenure expired in October 2009. The terrorist attack in Karachi on Ashura, and several recent periods of elevated targeted killings in the city have been the backdrop to this debate (reftel). Conflicting positions among the Pakistan People's Party (PPP) and Muttahida Qaumi Movement (MQM) are preventing the Sindh government from passing an amendment to the local body ordinance. In an unexpected development on January 16, both parties agreed to appoint Caretaker Administrators - but again without a formal mechanism to execute that decision. Fiery insults and a walkout by MQM highlighted the early February actions, requiring high-level PPP and MQM intervention to return parties to the negotiating table. The Sindh Assembly will take up legislative consideration beginning on February 8. END SUMMARY.

BACKGROUND: FEUDS ON MULTIPLE FRONTS

12. (U) The debate over the future of Local Governance in Sindh Province continues without resolution, while the current local government's tenure expired in October 2009. Coalition partners (MQM and PPP, with the ANP on the periphery) have yet to agree on a path forward, instead seeking extensive amendments to the existing governance system and working to diminish the other party's strength in Karachi and across the Province.

13. (U) The terrorist attack in Karachi on Ashura, and several recent periods of elevated targeted killings in the city have been the backdrop to this debate (reftel). This violence pits the MQM against the PPP on law and order -- the Karachi Nazim Mustafa Kamal versus the Sindh Home Minister Zulfiqar Mirza, each blaming the other for not suppressing the onslaught.

ELECTIONS, NAZIMS AND THE 1979 SYSTEM

13. (C) Both sides are staking out their positions with very little movement toward compromise in the last six months. The PPP ideally wishes to return to the 1979 commissioner system of provincial

government, as it diffuses the power of elected officials and increases PPP influence through Chief Minister appointments. The MQM seeks a continuation of the current system established under President Musharraf, putting elected Nazims (Mayors) at the forefront of local leadership - particularly critical for MQM in the urban centers of Karachi and Hyderabad. However, in November 2009, Sindh Home Minister Mirza (PPP) told CG Fakan, that to keep the national and provincial coalitions together the PPP would compromise, agreeing to retention of the current system with some amendments.

14. (C) Moving in fits and starts through December, the negotiations finally began in earnest in mid-January. The Core Committee of the Sindh Provincial Assembly, in January 13 discussions, feuded over the role of caretaker administrators, and the details of required local elections, particularly timing. MQM demanded the status quo. According to the Minister for Local Bodies, Agha Siraj Durrani (PPP), who was in the meeting, the MQM wants elections held under the present Nazims and will agree to Administrator-appointment only if elections are held within 90 days. If elections are not held, the system reverts back, and the original Nazims resume office. MQM Deputy of Media and LG Minister for Youth Affairs, Faisal Sabzwari, reiterated that the party would only concede with such assurances, noting that reverting back to the 1979 commissioner system would create unspecified "serious issues" between the parties.

15. (C) According to Durrani (PPP), elections under the present Nazims would not be fair and free because most Nazims of the 23 districts of Sindh are hostile to the PPP and the deadlock awaits decision by President Zardari, as "it appears to be futile to hold any further meetings with MQM." Durrani told PolOff that MQM's intransigence kept them from negotiating at the lengthy prior

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meetings and that "the party brings fresh demands at every meeting and goes back on whatever was agreed upon during the last one" in an attempt to maintain their hold over Sindh. PPP also requested an MQM list of people whom they trust to be appointed as Administrators.

16. (C) The only issue agreed to in the January 13 meeting was that a report about the discussions, agreements and disagreements would be prepared for Sindh Chief Minister (PPP) and Governor (MQM) updating them of progress at each meeting. Senior Minister and lead member of the core committee, Pir Mazhar-ul-Haq (PPP), also said that PPP wants documentation of everything discussed in the core meetings "as MQM changes its stance every time (we) meet."

17. (C) In an unexpected development on January 16, both parties agreed to appoint Caretaker Administrators (from the grade 20 civil servant corps) - but again without a formal mechanism to execute that decision. Sindh Assembly Parliamentary Minister, Syed Sardar Ahmed (MQM) detailed ongoing and lengthy core committee meetings through February 1 as the group began drafting the resolution outlining party-based elections with clauses satisfactory to PPP, MQM and others.

THE FEUD GETS PERSONAL

18. (C) On February 2 however, discussions again turned tense. Sindh Home Minister Mirza(PPP) launched a fiery speech during a Sindh Assembly meeting blaming MQM for Karachi's targeted killings (reftel). LG Minister Durrani also reprimanded the Karachi Nazim for interfering in the Provincial government, claiming that Kamal was suffering from "mental imbalances." Enraged, MQM legislators stormed out of the Assembly and held a press conference condemning PPP ministers. As a result, the tension moved into the streets resulting in the killings of 11 members of PPP, MQM and ANP. That evening, the Sindh Governor (MQM) called CG Fakan asking him to help settle everyone down and to urge the parties to continue negotiations.

19. (C) Calls between President Zardari, Prime Minister Gilani and MQM leader-in-exile Altaf Hussain brought assurances from the top that the two parties remained committed to the coalition. But taking nothing to chance, Interior Minister Malik was dispatched to Karachi on February 3, to return all parties back to the negotiating table.

¶10. (C) In a February 4 meeting, MQM assured Fakan that they will take the high road, but noted that the PPP and Home Minister remain quite rigid in negotiations. Karachi Nazim, and Deputy Nazim discussed resolution details in vague language that leaves several outcomes open - elections would be held either within 90 or 120 days or not held entirely in the event of "unforeseen events" (code for the law and order situation). The prevailing opinion in the PPP remains that these clauses provide MQM with incentive to create and maintain continued unrest and violence in Karachi for the stipulated 90 days, preventing party-based elections in order to revert to their certain control through the original Nazims. However, MQM contacts worry that, even in the absence of "unforeseen events", the PPP will not hold elections at all. Comment: Post believes that Karachi is in a vicious cycle where both parties may have reason to affect "unforeseen events," negotiate again and come to the same impasse in a few weeks or months. End Comment.

MORE TO COME, BUT WILL IT BE PROGRESS?

¶11. (C) The Sindh Assembly will take up legislative consideration beginning on February 8. In this plan, Nazims will step down and hand power to caretaker administrators. Note: Karachi Nazim Kamal is visibly battle-worn and depressed about losing his job.

¶12. (C) COMMENT: While the PPP plurality in the provincial parliament could easily override MQM on the local government elections issue, the PPP requires MQM's support in the Federal government and in order to prevent other parties in the coalition from tipping the balance in the Sindh Provincial Assembly in MQM's favor. MQM is taking full advantage of the situation to maintain

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their control over the two largest cities in Sindh - Karachi, the financial capital, and Hyderabad - both of which are currently under MQM Nazims. The two parties numerically need each other, but that does not mean that have to like each other, or even get along. END COMMENT.

FAKAN